

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5468-01
Bill No.: HB 2220
Subject: Appropriations; State Departments
Type: Original
Date: February 16, 2016

Bill Summary: This proposal establishes procedures that require each state department to submit a budget analysis reporting on all expenditures to the appropriations committee that oversees the department.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Missouri Lieutenant Governor**, the **Joint Committee on Administrative Rules**, the **Legislative Research**, the **Department of Labor and Industrial Relations**, the **MoDOT and Patrol Employees Retirement System**, the **Department of Public Safety - Missouri Gaming Commission**, the **Department of Public Safety - State Emergency Management Agency**, the **Administrative Hearing Commission**, the **Missouri Lottery Commission**, the **Missouri Senate**, the **Missouri Consolidated Health Care Plan**, the **Missouri State Employees Retirement System**, the **Missouri Ethics Commission**, the **Office of the State Public Defender**, the **Department of Mental Health**, the **Joint Committee on Public Employee Retirement**, the **Office of Prosecution Services** and the **Office of the State Treasurer** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Social Services**, the **Department of Public Safety - Office of the Director**, the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Public Safety - Capitol Police**, the **Department of Health and Senior Services**, the **Department of Economic Development**, and the **Department of Agriculture** defer to Office of Administration for fiscal impact from this proposal.

Officials from the **Department of Transportation (MODOT)** assume this proposal would require each state department, including MODOT, to submit a budget analysis reporting on all expenditures to the appropriations committees that oversee the department, using zero-based budgeting principles. This proposal does not repeal any sections in Chapter 33 relating to the current appropriations process. It is unclear if this proposal replaces to current process or adds a step in the appropriations process. There is a potential for a negative fiscal impact to the department due to the potential for additional staff and resources to produce the required budget analysis; however, since the intent is unclear and the specific requirements of the budget analysis are not listed, a fiscal impact cannot be calculated.

ASSUMPTION (continued)

Officials from the **Office of Administration - Budget and Planning (BAP)** assumes based on language in the bill that the zero-based budget analysis will be in addition to the current budget submission and analysis. This proposal will have significant, increased costs for all state departments to duplicate and reformat information that is already presented in the department budget submissions to the General Assembly. The statewide budget system (BRASS) compiles expenditure data for the previous three fiscal years, along with the current year appropriated amounts and the amount requested for the upcoming fiscal year and departments use this data for the budget documents. Decisions made during the development of the department requests and the Governor's recommendations are based upon a thorough review of all aspects of the budget, not just the incremental increases included in the requests and recommendations.

For the purposes of this estimate, BAP assumes the General Assembly intends for any analysis to include data at the lowest level possible, which would be, for example, reporting expenditures by sub-object codes (i.e. memberships) instead of the at the "expense and equipment" or the budget object class level (i.e., professional development). In order to apply zero-based principles on an annual basis, develop tracking documents, produce a second budget document, and have staff available to analyze data and justify detailed-level expenditures, departments would have to add a considerable number of new, full-time employees. Departments do not have the existing capacity to add this amount of workload to the current budget staff, which is already limited in size and often assigned other responsibilities such as responding to fiscal note requests and providing other required financial reports.

In addition to the additional workload required to create a second zero-based budget submission, additional staff time would be required to attend the committee hearings and respond to requests for additional information.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Costs - BAP</u>			
Budget Analysis Requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
FEDERAL FUNDS			
<u>Costs - BAP</u>			
Budget Analysis Requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (10 Mo.)	 FY 2018	 FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

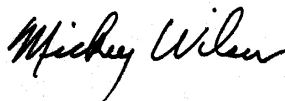
FISCAL DESCRIPTION

Beginning January 1, 2017, this proposal requires each state department to submit an itemized zero-based budget analysis including all existing and proposed expenditures for the fiscal year to the appropriations committee that oversees that department.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation
Office of Administration - Budget and Planning
Missouri Lieutenant Governor
Joint Committee on Administrative Rules
Legislative Research
Department of Labor and Industrial Relations
MoDOT and Patrol Employees Retirement System
Department of Public Safety
 Missouri Gaming Commission
 State Emergency Management Agency
 Office of the Director
 Capitol Police
 Missouri Highway Patrol
Administrative Hearing Commission
Missouri Lottery Commission
Missouri Senate
Missouri Consolidated Health Care Plan
Missouri State Employees Retirement System
Missouri Ethics Commission
Office of the State Public Defender
Department of Mental Health
Joint Committee on Public Employee Retirement
Office of Prosecution Services
Office of the State Treasurer
Department of Social Services
Department of Elementary and Secondary Education
Department of Natural Resources
Department of Corrections
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Economic Development
Department of Agriculture



L.R. No. 5468-01
Bill No. HB 2220
Page 7 of 7
February 16, 2016

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